



**FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case Reference	:	KA/LON/00BA/F77/2019/0156
Property	:	192 South Park Road, London, SW19 8TA
Landlord	:	Berendsen UK
Representative	:	Boultons
Tenant	:	Mr Hallgalley
Type of Application	:	Assessment of Fair Rent
Tribunal Members	:	Judge Robert Latham Mrs Sarah Redmond MRICS
Date and venue of Determination	:	10 Alfred Place, London WC1E 7LR 22 November 2019
Date of Reasoned Decision	:	22 November 2019

EXTENDED REASONS

Background

1. On 9 July 2019, the landlord applied to the Rent Officer for the registration of a fair rent of £106 per week for 192 South Park Road, London, SW19 8TA (“the house”) pursuant to Part IV of the Rent Act 1977 (“the Act”). The existing rent was £57.88 per month. The landlord has paid the water charges.
2. On 14 August, the Rent Officer held a consultation at the house. Mr Dave Ward, from Boultons Estate Agents, represented the landlord. Mr Ward stated that Boultons had recently taken over the management of the property and that the

landlord was willing to do anything to the property that was necessary. Mr Hallgalley and Mr Thompson both made representations.

3. 28 August 2019, the Rent Officer registered a rent of £175 pw. She first assessed the market rent to be £350 pw. She then made adjustments of £155 (44%), having regard to a number of factors: tenants repair/decoration liability; no furniture; no white goods; and no floor coverings/curtains. She finally made a deduction of £20 (10%) for scarcity.
4. As this was a first registration, the Rent Acts (Maximum Fair Rent) Order 1999 (SI 1999 No.6) had no application.
5. On 11 September 2019, the tenant requested the Rent Officer to refer the matter to the First-tier Tribunal (Property Chamber) (the “Tribunal”).
6. On 24 September, the Tribunal issued Directions. Boultons have made written representation on behalf of the landlord. Neither party requested an oral hearing.

The Background

7. The Tribunal inspected the property which is a semi-detached house which was constructed c.1900. Mr Hallgalley and his partner, Mr Thompson, were present. Both are in their 80’s.
8. As this is a first registration, the background to the grant of this tenancy is important. Mr Hallgalley was able to produce a number of Rent Books going back to 1971.
9. On 4 October 1971, the Sunlight Service Group (“Sunlight”) granted Mr Hallgalley a tenancy of the first floor flat at a rent of £4.75, inclusive of rates. On 31 July 2013, Sunlight changed its name to Berundsen UK. The house has been managed by a succession of managing agents.
10. In 1971, The house was not self-contained and the ground floor was let to another tenant. It seems that on 19 August 1975, a fair rent was registered in respect of the first floor flat.
11. In 1977, the ground floor flat became vacant. At the time, Mr Hallgalley was paying £6.38 pw (inclusive) for his flat. He was working for Sunlight whose laundry was at the back of the property. He asked Sunlight if he could take over the whole house. This was in a very poor condition at the time. There was considerable noise from the factory. Mr Hallgalley told us that the Board had come to inspect the house. He was told that he could do what he liked with it.
12. Mr Hallgalley stated that Sunlight agreed to let him have a tenancy of the whole house in 1978. However, a letter from Sunlight’s managing agents, dated 7 October 1981, suggests the new tenancy of the whole house was only granted from 4 January 1982. No additional rent was charged for the ground floor

rooms. The total rent was £14.64 pw including rates of £9.39. The net rent was £5.25 pw.

13. Over the subsequent 37 years, there have been a number of modest increases in rent, below any fair rent that would be registered. In 2019, the rent was £57.88 per month. The tenant pays council tax, but the rent includes water charges. No notice of increase has been served in accordance with Part III of the Act. It is not for this Tribunal to consider the consequences of this.
14. The works carried out by Mr Hallgalley are critical as we must ignore any tenant's improvements in assessing the fair rent. Mr Hallgalley and Mr Thompson arranged for significant works to be executed.
15. The ground floor flat only had an external toilet. There was a small scullery with a ware sink and a 1950's cooker. There was no hot water. There was no bathroom. The brickwork of the load bearing wall dividing the two front rooms was crumbling.
16. Mr Hallgalley arranged for the external toilet to be bricked up and incorporated with the scullery to create a kitchen. He arranged for the two front rooms to be open plan and installed an RSJ to support the load bearing wall. There had been open fireplaces. Mr Hallgalley installed gas fires. He also rewired the whole house providing modern electrical sockets. The windows throughout the house were ill-fitting and draughty. Mr Hallgalley repaired them
17. The condition on the first floor were better. There was a bathroom, but it was small and extremely rudimentary. There was a small metal bath. The kitchen was very basic. Hot water was provided by a geezer.
18. Mr Hallgalley stripped the bathroom and installed a toilet and wash hand basin. The kitchen was converted into a bathroom, with both a bath and a shower. He provided a cupboard housing a hot water tank and an electric immersion heater. He has provided electric heaters for the two bedrooms.

The Inspection

19. It was apparent that in about 2000, the landlord renewed the roof. It is still in a good condition. It also installed UPVC windows and a rear door. The timber front door was also replaced. The Sunlife Laundry closed in the 1990's and there is now a new housing development to the rear of the property. The house has no central heating.
20. Mr Hallgalley complained that the front water gutter was leaking and we saw evidence of this. He has painted the woodwork at the front of the property. Some of the replacement windows were poorly fitting and gaps have been filled. The rear paintwork is poor. There are areas of open pointing. There were loose and missing tiles on the front path, concreted in places by the landlord. These items of disrepair had been noted by the Rent Officer when she inspected on 14 August.

The Law

21. When determining a fair rent in accordance with section 70 of the Act, the Tribunal:
 - (1) has regard to all the circumstances (other than personal circumstances) including the age, location and state of repair of the property;
 - (2) disregards the effect on the rental value of the property of (a) any relevant tenant improvements and (b) any disrepair or other defect attributable to the tenant or any predecessor in title under the regulated tenancy;
 - (3) assumes (as required by s.70(2)) that, whatever might be the case, the demand for similar rented properties in the locality does not significantly exceed the supply of such properties for rent. In other words that the effect of any such 'scarcity' on rental values is not reflected in the fair rent of the subject property.
22. In *Spath Holme Ltd v Chairman of the Greater Manchester etc. Committee* (1995) 28 HLR 107 and *Curtis v London Rent Assessment Committee* [1999] QB 92 the Court of Appeal emphasised that section 70 means that:
 - (a) ordinarily a fair rent is the market rent for the subject property discounted for 'scarcity' and
 - (b) for the purposes of determining the market rent, assured tenancy (market) rents are usually appropriate comparables. (These rents may have to be adjusted where necessary to reflect any relevant differences between those comparables and the subject property).
23. Thus, once the market rent for the property has been determined by the exercise in (2) above that rent must be adjusted, where necessary, for any scarcity.
24. The Rent Act (Maximum Fair Rent) Order 1999 does not apply as this is the first registration. There is no evidence that a fair rent has been registered in respect of the current tenancy of the whole house.
25. In reaching our determination, the Tribunal has taken into account the documents provided by the Rent Officer, the representations provided by the parties and our findings on viewing the property.

Our Assessment of the Fair Rent

(i) The Market Rent

26. The Tribunal first determines the fair rent in accordance with section 70 of the Act. Our starting point is to determine the rent which the landlord could reasonably expect to obtain for the premises in the open market if it were let today in the condition that is considered usual for such an open market letting in this locality.

27. The Rent Officer assessed a market rent of £350 pw. She has provided details of a number of comparables. Neither party has provided comparables of market rents. The landlord has provided a number of comparables of uncapped fair rents. However, these are not relevant to market rents. We confirm the figure of £350 pw.

(ii) The Adjusted Rent

28. Secondly, this property is not let under the terms or in the condition considered usual for a modern letting at a market rent in this location. Substantial adjustments must be made for this. The landlord has not made any representations on the deductions that should be made.

29. We have decided to make a deduction of 60% in respect of the following and determine an adjusted rent of £210 pw having regard to:

(i) Tenant's Improvements;

(ii) No Central Heating;

(iii) Terms and Conditions;

(iv) No modern kitchen/white goods;

(v) No modern bathroom;

(vi) No carpets or curtains;

(vii) Disrepair and condition.

30. We considered these factors separately and then considered whether the overall reduction is justified. We are satisfied that it is.

(iii) Scarcity

31. Finally, we must consider the issue of scarcity. The Rent Officer made a reduction of 10% in respect of this.

32. In *Yeoman's Row Management Ltd v London Rent Assessment Committee* [2002] All ER (D) 148 (Apr), Ousley J held that scarcity must be considered over a wider area than a particular locality. Greater London is now considered to be an appropriate area to use as a yardstick for measuring scarcity.

33. Applying our own general knowledge, and having regard to the collective knowledge of our expert members on Tribunals in London, we conclude that 20% is the appropriate reduction to make for scarcity in Greater London.

34. We therefore reduce the adjusted rent by £28 pw (20%). This results in our assessment of a fair rent of £112 per week.

Decision

35. The Tribunal determines a fair rent of £112 per week. This figure is exclusive of water charges.
36. At our inspection, Mr Hallgalley produced a number of Rent Books and clarified some issues which had been discussed with the Rent Officer at her consultation. The landlord was not present at the inspection. If the landlord wishes to make any representations on the factual matters raised by Mr Hallgalley, it may make any written representation to the Tribunal (copied to the tenant) **by no later than 16.00 on 6 December**. The Tribunal will review our decision in the light of any such representations.

Judge Robert Latham
22 November 2019

Appendix: Calculation of fair rent

1. Market rent in good condition with modern amenities	£350 pw
2. Less adjustments for the following (60%):	£210 pw
(i) Tenant's Improvements;	
(ii) No Central Heating;	
(iii) Terms and Conditions;	
(iv) No modern kitchen/white goods;	
(v) No modern bathroom;	
(vi) No carpets or curtains;	
(vii) Disrepair and condition.	
Adjusted Rent:	£140 pw
3. Less scarcity in locality (Greater London) (20%):	£28
Fair Rent:	<u>£112 pw</u>